

Sun Pharma to buy Ranbaxy for \$3.2 billion

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Singapore: Paving way for a historical deal in the Indian pharma industry, Indian drug major Sun Pharmaceutical industries has declared that it would be buying 100 percent of Ranbaxy Laboratories in a \$3.2 billion in an all-stock transaction.

Even as both the firms have been battling a slew of quality related attacks from the US drug regulator, Food and Drug Administration (USFDA), together they are aiming at drawing more revenue for the Indian pharmaceutical industry that already supplies over 20 percent of the world's generic drugs.

Incidentally, this deal has given birth to a unique company that will be the world's fifth-largest specialty generics company and the largest pharmaceutical company in India. With overall operations spread out in 65 countries and a total of 47 manufacturing units in five continents, this new company has about 629 abbreviated new drug applications (ANDAs) together, new reports cited.

Speaking to Indian news media, Mr Dilip Shanghvi, Managing Director of Sun Pharma said, "Ranbaxy has a significant presence in the Indian pharma market and in the US where it offers a broad portfolio of ANDAs and first-to-file opportunities. In high-growth emerging markets, it provides a strong platform which is highly complementary to Sun Pharma's strengths. We see tremendous growth opportunities and are excited with the prospects to create lasting value for both our shareholders through a successful combination of our franchises."

As per the deal, Ranbaxy shareholders will get 0.8 of a Sun Pharmaceutical share for each Ranbaxy share they own.

Japanese drug maker, Daiichi Sankyo that owns 63.4 percent stake in the companies has said in a statement that it will hold a stake of about 9 percent in Sun Pharmaceutical after the deal.

"We believe this transaction brings significant value to all Ranbaxy shareholders. Sun Pharma has a proven track record of creating significant long-term shareholder value and successfully integrating acquisitions into its growing portfolio of assets. We are confident that Sun Pharma is the ideal partner to help us realize our full potential and are excited to participate in future value creation opportunities," stated Mr Arun Sahwney, Managing Director and Chief Executive Officer of Ranbaxy.

The deal is said to be unanimously approved by the Boards of Directors of Sun Pharma, Ranbaxy, and Ranbaxy's controlling shareholder, Daiichi Sankyo. Ranbaxy's board and Sun Pharma's board have recommended approval of the transaction to their respective shareholders.

Meanwhile, Ranbaxy's Japanese owners have also confirmed that personnel have been dispatched to provide all the necessary support to resolve the quality problems at Ranbaxy.